

3
4 MEETING HELD ON OCTOBER 16, 2013
5 ILLINOIS DEPARTMENT OF TRANSPORTATION
6 100 West Randolph Street
7 Suite 6-600
Chicago, Illinois
Met, pursuant to notice, at 1:00 p.m.

9 ANN SCHNEIDER, Co-Chairperson/Secretary
10 GEORGE RANNEY, Co-Chairman
11 DR. ADRIENNE HOLLOWAY, Member
12 DR. ASHISH SEN, Member
13 BOB GUY, Member
14 CAROLE BROWN, Member
15 DON TANTILLO, Member
16 DR. SYLVIA JENKINS, Member
NICK PALMER, Member
PATRICK FITZGERALD, Member
RAUL RAYMUNDO, Member
ROBERT REITER, Member
SONIA WALWYN, Member
TONY PAULAUSKI, Member

17 MIDWEST LITIGATION SERVICES, by
18 Sharon A. Jerndt, CSR, RPR
 Illinois CSR No. 084-004044

1	I N D E X	
2		PAGE
3	Roll Call	1 - 3
4	Housekeeping	3 - 5
5	Approval of Meeting Minutes	5
6	Approval of Interim Report	5 - 23
7	Tentative Public Meeting Schedule	23 - 24
8	Through January 31, 2014	
9	General Discussion	34 - 65
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		

1 CO-CHAIRPERSON SCHNEIDER: Okay. Let's begin.
2 This is our Public Transit Task Force meeting for
3 Northeastern Illinois. This is I believe the fourth of
4 our public hearings to date and we are excited because
5 we are nearing a deadline today and we are going to be
6 talking about our interim report and just having some
7 general discussion following that and to talk about our
8 path forward.

9 With that, I would like to go ahead and
10 call the roll of the task force. I would like to go
11 ahead and call the role of the task force.

12 Carole Brown.

13 MS. BROWN: Here.

14 CO-CHAIRPERSON SCHNEIDER: Robert Guy.

15 MR. GUY: Here.

16 CO-CHAIRPERSON SCHNEIDER: Adrienne Holloway.

17 DR. HOLLOWAY: Present.

18 CO-CHAIRPERSON SCHNEIDER: Dr. -- I'm sorry.

19 That was Dr. Adrienne Holloway.

20 Dr. Sylvia Jenkins. Nick Palmer.

21 MR. PALMER: Here.

22 CO-CHAIRPERSON SCHNEIDER: Tony Paulauski.

23 MR. PAULASKI: Here.

24 CO-CHAIRPERSON SCHNEIDER: Raul Raymundo.

1 MR. RAYMUNDO: Here.

2 CO-CHAIRPERSON SCHNEIDER: Bob Reiter.

3 Dr. Ashish Sen.

4 DR. SEN: Here.

5 CO-CHAIRPERSON SCHNEIDER: Donald Tantillo.

6 MR. TANTILLO: Present.

7 CO-CHAIRPERSON SCHNEIDER: Katherine Tholin.

8 Sonia Walwyn.

9 MS. WALWYN: Here.

10 CO-CHAIRPERSON SCHNEIDER: And George Ranney.

11 CO-CHAIRMAN RANNEY: Here.

12 CO-CHAIRPERSON SCHNEIDER: We have, again, a
13 couple of our task force members that have not yet
14 arrived that we know that are on the way. So we will be
15 happy when they join us.

16 Just on the housekeeping items, again, I
17 want to just touch on a few things. As in the past, we
18 have a court reporter here today. So task force members
19 please use the microphone and state your name before you
20 speak.

21 Also, for people that are in the
22 audience, we would like to remind you that we have palm
23 cards for little business cards at the front of the
24 meeting area and that has the task force web page on it,

1 and you can access all of the information of the task
2 force at that web site, and we also have corresponding
3 meeting materials located on that web site.

4 And also, as we always do, we are going
5 to have public comment at the end. Outside the door
6 there we have public comment cards. Please, if you want
7 to provide public comment, please fill out one of those
8 cards.

9 What I would ask is that on the cards you
10 identify whether or not you want to provide an oral
11 comment or if you would like to go ahead and submit your
12 comment in writing, you can do so on the card, or on
13 that web site that is listed, you can go to that web
14 site and also provide public comments.

15 During the public comment period, we will
16 limit the public comments to three minutes per person in
17 case there is a lot of public comment to be given. We
18 have in the past had a varied degree of public comment
19 in that section. So we will just try to gauge that time
20 frame based on the number of people wanting to provide
21 comment.

22 And finally, we would like to get as much
23 input as possible into this process. We have taken a
24 great deal of testimony over the last two months and we

1 have also done a great deal of research within the task
2 force itself and also our work groups that we have in
3 place, and public comment is always very important to
4 our deliberations. So we do encourage you to please get
5 on line and do so.

6 And with that, I would like to move to
7 the next item on the agenda which is the approval of the
8 meeting minutes, and we have the September 26th public
9 meeting minutes, and actually, I would like to table
10 those for now. I haven't had a chance to read
11 completely through them, but some preliminary scanning
12 has shown that I think there is some corrections that
13 need to be made, and so I would encourage you all to
14 please read through those, and if you have corrections,
15 to please contact us and get those to us and we can vote
16 on that at our next public hearing.

17 And I think with that I was hopeful that
18 a couple of the other task force members would arrive,
19 but we will go ahead and begin our discussion of the
20 interim report, which according to the executive order,
21 is due on Friday to be given to the governor and the
22 general assembly. I think we have got good news today.
23 We may be doing that today.

24 I would say from my perspective very

1 quickly a lot of work has gone into this. The task
2 force members have taken this very seriously, and a lot
3 of them have day jobs, and they have dedicated a lot of
4 their own time to this particular project and to this
5 particular report.

6 We have a great deal of information that
7 we have gathered over the last two months and I think
8 that, you know, everybody has given very thoughtful
9 consideration to all of the information and we have
10 found that we need to gather more data.

11 And I just want to say thank you to the
12 task force members for their time and dedication to this
13 project knowing that we are at a point in time where we
14 can actually make a significant difference, not only for
15 the region, but for the people of the State of Illinois,
16 and your time and efforts as it relates to this effort
17 has not gone unrecognized, and we do appreciate all of
18 the work that you have done.

19 And with that I would like to go ahead
20 and turn it over to my co-chair, George Ranney.

21 CO-CHAIRMAN RANNEY: Let me ask. Are we passing
22 out the report at this point or what are we doing?

23 CO-CHAIRPERSON SCHNEIDER: Yes, we have copies of
24 the report.

1 CO-CHAIRMAN RANNEY: Okay. I want to say I agree
2 with everything Ann has said with the possible exception
3 as she said most of the task force members have day
4 jobs. I think we all do, and so this putting together,
5 even an interim report, has been a real challenge for
6 those of us who have other things we need to do.

7 I want to say a few words about
8 background and then we will run through the report and
9 discuss it. First of all, I urge everybody to remember
10 this is a report that is by nature, interim, and what we
11 decided to do was to establish a mechanism for reporting
12 on what the directions we saw for the task force and
13 I'll summarize those in just a minute and then we will
14 work through this report and get comments.

15 But it is not a set of recommendations.
16 People should not expect that and we are very clear that
17 there is much more work to be done and that is the
18 reason that we have set this up the way we have.

19 Let me say that I spent last week in the
20 east in both New York and in Washington, and in the
21 course of that trip, I was there on business, I was able
22 to ask to see several members of the transportation
23 community in New York and then in Washington and these
24 turned out to include the two top people at the MPA,

1 both of whom interestingly started out here in the CTA.

2 It included Dick Ravage who is the person
3 who ran the MPA in the '80s and was the person that put
4 together the financing and the reform package that has
5 made the New York system what it is today, included with
6 Ann's help, the head of the federal transportation
7 administration and also the under secretary of
8 transportation to the country, plus one of the prominent
9 transportation consultants who actually run systems
10 himself throughout the country.

11 It was amazing that I was able to see all
12 these people. And the reason I was able to see them is
13 they were so interested in what is happening here. So
14 worried about the impact of the scandals that have
15 plagued the reputation of the entire system and wanting
16 very much for us and the system to be successful.

17 And one of the recommendations I came
18 back with, and one of the ideas that came out of this to
19 Ann and to others of us that we include people like that
20 who said that they would be willing to come here and
21 share their experience with us. We know that we need
22 additional input and expertise, and some of that should
23 come from people in this room and we thank you in
24 advance for that.

1 The initial findings in this report are
2 sobering, and basically is that the system is not
3 achieving the results the regions, people and businesses
4 need, and just let me reiterate what the key points
5 are.

6 One is, and this is from the wording from
7 the report, portions of the transit system have been
8 plagued by scandal and corruption to the detriment of
9 the system as a whole.

10 That language is chosen very carefully.
11 We may have some discussion of it. The structure of
12 this current system has led to duplication, competition,
13 uncoordinated service, and a lack of accountability.

14 And this was pointed out to me in my
15 trips as something that should be expected given the
16 structure of the system that we have, and it is why the
17 work on governance is so important.

18 There is no region wide plan to increase
19 transit ridership. Again, that was a theme that I heard
20 again and again and we have incorporated in the
21 findings.

22 Our transit system is not adequately
23 supporting our economy. The funding formulas that
24 distribute money to the transit agencies are due for

1 re-examination and we are grossly underinvesting in our
2 transit system.

3 And I heard that again and again and we
4 have heard it in our discussions that this system is not
5 able to do what we want it to do because in part because
6 we are not funding adequately. So those are the key
7 thoughts and what we will do is work our way, Ann,
8 through the report and people have copies of it. They
9 can follow along and we are doing this all in the most
10 transparent way possible.

11 So should we go to the report?

12 CO-CHAIRPERSON SCHNEIDER: I think we should. Just
13 briefly for the task force members, we have provided you
14 with a red line version and the red line reflects
15 changes that have been made since the last draft that
16 was circulated, and so I think at this point if you have
17 any thoughts or suggestions, recommendations around any
18 of those changes, please let us know, but as George
19 said, I think we want to walk through the report
20 itself.

21 And I just want to note that we are still
22 waiting on a couple of our members, notably Patrick
23 Fitzgerald, and he has been a key person for us on the
24 ethics group, and I think I would like to hold off on

1 any conversations around that part of this report until
2 he arrives if that's all right.

3 So with that, let's go ahead and I just
4 would like to see if we can get some input from the
5 members of the task force.

6 DR. SEN: You might see me if I raise my hand.

7 CO-CHAIRPERSON SCHNEIDER: Dr. Sen.

8 DR. SEN: I think it reflects what we have been --
9 the direction we have been setting for ourselves. I
10 have concern about one title, not the text that goes
11 with it, but the title, it says there is no region-wide
12 plan to increase ridership.

13 I've seen lots and lots of plans and they
14 all claim to aim at raising the level of ridership. So
15 that statement probably needs to be modified. I suggest
16 we add an adjective in front of region-wide plan or in
17 front of plan by saying widely accepted, or I would be
18 happy to work with the editors of this to see, find the
19 right adjective.

20 CO-CHAIRMAN RANNEY: May I ask a question for
21 clarification?

22 Dr. Sen, what plans do you have in mind
23 because I seen the procedure comment earlier and gave it
24 some thought and I am not sure I know of a plan other

1 than the references to go to the 2040 plan which is
2 really just a paragraph, and I know there is another
3 paragraph in the RTA regional stated plan, but there
4 really isn't anything that deals in any detail that
5 could be called a thorough plan that qualifies that I am
6 aware of.

7 Can you help us out?

8 DR. SEN: Yes, of course. The one I looked at
9 this morning was what going beyond conjecture the RTA
10 plan and the annex to it which came later and it is full
11 of, you know, transit ridership increase.

12 I am also -- this is one of the dangers
13 of having academics on panels, we tend to be very
14 precise. Is that, you know, the old tax plans that used
15 to exist and when they used to run their models, they
16 all talked about increasing ridership increases and, you
17 know, there being papers about it.

18 So it is probably safer to say that there
19 is not one that does everyone accept it. Does everyone
20 accept these various plans? If you ask them more
21 questions about it, would they know about it? The
22 answer is probably no which is why I am using the word
23 widely accepted.

24 CO-CHAIRMAN RANNEY: I don't want to quibble over

1 words, but this is a very important point because it
2 really reflects upon what the RTA and CMAT do, and I
3 think it is fair to say that there has been efforts that
4 I think you would also agree with me that doesn't
5 qualify as something that would be acceptable to us; is
6 that correct?

7 DR. SEN: I'm sorry. I didn't follow you.

8 CO-CHAIRMAN RANNEY: Do you think any of these
9 efforts qualify as a first rate plan?

10 DR. SEN: I don't want to add that kind of
11 adjective because the authors of it probably think that
12 it's right, but I will agree that it is not widely
13 accepted. You know, not widely known or widely
14 accepted. Are they great plans? I tend to be
15 hypercritical. I don't think most plans are great
16 plans.

17 MR. RAYMUNDO: You know, without getting into
18 wordsmithing here, I think the question for us is more
19 to identify what there needs to be; not necessarily what
20 doesn't exist.

21 I agree with my colleague that there is
22 probably many plans that are out there, certainly were
23 made reference to in our hearings. In the systems
24 performance committee we heard different plans. I think

1 in order to maybe there needs to be a region-wide plan
2 that is more effective in working for the system.

3 Whether these plans exist, you know, by
4 an agency with a thorough analysis or not, I think what
5 we all can agree is that there needs to be a better plan
6 that can address the ridership increase collectively for
7 the region.

8 So it is more, George, I would argue,
9 what needs to be rather than what doesn't exist.

10 CO-CHAIRMAN RANNEY: I think that's a good point.
11 Any other points on this issue?

12 CO-CHAIRPERSON SCHNEIDER: Carole.

13 MS. BROWN: I also think that kind of to echo a
14 little bit of what Dr. Sen is saying, I think that each
15 of the service boards and RTA would say that they --
16 that one of their goals is to increase ridership, and so
17 I think that the modifier really is about coordination
18 and a regional plan as opposed to the suggestion that
19 one of the goals of the system is not to increase
20 ridership.

21 So I think the way I read this was more
22 about a coordinated plan as opposed to saying that the
23 system doesn't have the goal of increasing transit
24 ridership. So I don't know if that helps.

1 CO-CHAIRMAN RANNEY: I think that's a fair
2 comment. I don't want to belabor this. My own view
3 would be that since we are describing the system here,
4 Raul, that it might be better to pick up on Dr. Sen's
5 initial suggestion if and when we accept.

6 Do you want to go on, Ann?

7 CO-CHAIRPERSON SCHNEIDER: Yes. Do we have any
8 thoughts at this point in terms of the initial finding?
9 Let's start with that.

10 MS. BROWN: Along those same lines on the section
11 in system performance, there is language that says there
12 is no focus on improving the system, and I am hoping
13 that that means -- and, again, I don't believe that to
14 be true, that the transit agencies are not focused on
15 improvement of service. I think it is more about the
16 collective coordination in the system, and so I would
17 ask that maybe we could clarify that to make that point.

18 CO-CHAIRPERSON SCHNEIDER: Where is that at?

19 MS. BROWN: It is on page 7 of 8, the top
20 paragraph, the sentence ends with "little or no focus on
21 improving the system as a whole."

22 CO-CHAIRPERSON SCHNEIDER: So the suggestion would
23 be with little or no coordinated focus.

24 MS. BROWN: Yes, coordinated. Something which kind

1 of suggests what we have identified preliminary as a
2 need for greater coordination.

3 CO-CHAIRMAN RANNEY: I can't find this. Where is
4 this?

5 MS. BROWN: Page 7 of 8, the first paragraph,
6 second to last sentence.

7 CO-CHAIRMAN RANNEY: I think that's all right since
8 there is no objection to it, the point we are really
9 talking about, the regional impact here. Okay. So we
10 add that?

11 CO-CHAIRPERSON SCHNEIDER: I think we should
12 probably add that. That makes sense.

13 Turning to our task force members, again,
14 on any part of the report, or in the initial findings?
15 Nick.

16 MR. PALMER: Just to add on to the previous
17 comments, I think we do address this, but a lot of this
18 is the funding and we've talked about that in the past
19 and some of the public comments have reflected that
20 too. That when we are collecting only a portion,
21 55 percent I think in Metra's case, and I am sure the
22 others are similar of fare recovery, and we're
23 challenged on the capital funding side also, I think
24 that drives the point that it is hard to see us

1 expanding the system, expanding routes, expanding
2 service without additional funding.

3 And I think that speaks to both the goal
4 of increasing ridership. Because it is hard to increase
5 ridership if you add another car to a Metra train or you
6 add another route to a bus line if you don't have the
7 funding per the capital in the first place.

8 And I know just from my own experience
9 riding the trains in, they are full in the morning.
10 Maybe in the reverse, you know, the dead head rides are
11 empty, and that's where you are getting the 45 percent
12 that is not getting the full cost recovery or what have
13 you, but I think that's a real challenge and maybe we
14 want to touch on that.

15 I know we talk about funding in general,
16 but to some of these points about increasing ridership,
17 that's going to have to -- we are going to have to
18 address the capital too.

19 So I don't know if that's just part of
20 the whole final report or we talk more about that, but I
21 think that's a really important part of this whole
22 effort. So far it seems the funding challenges.

23 CO-CHAIRPERSON SCHNEIDER: And I am going to turn
24 to Carole. I don't want to put you on the spot. I know

1 as the chair of that finance work group that you guys
2 have begun looking into these issues and similar issues
3 and just curious just as to what your thoughts might be
4 on that.

5 MS. BROWN: Sure. As far as the funding goes, I
6 think everyone was in a position and ready to conclude
7 that it is inadequate, right. That we don't have --
8 that the service boards or the system does not receive
9 enough funding from the combination of fares and
10 government subsidy to support the needs of the system.

11 Where we knew we needed more work was
12 determining kind of how to make recommendations either
13 adjusting the existing funding formula, the current
14 mechanism for distributing funds or recommendations
15 toward increasing the sources of funding, whether it is
16 from government sources or other, and that's where our
17 focus is right now.

18 And one of the other things that we
19 acknowledged in the finance committee was that the
20 recommendations that come out of the other working
21 groups around system performance, governance and ethics
22 will have an impact on kind of the recommendations that
23 need to come out of finance.

24 Because to the extent that we talk about

1 changes in structure or system, they will have a
2 financial implication, and so part of what we
3 acknowledged was that as our recommendations would
4 really be weighed more in the final report than in the
5 interim report beyond saying we understand that the
6 system is not adequately funded and that there may be
7 ways to identify cost savings, but there also might be
8 things that we recommend that will require more money,
9 more funding.

10 CO-CHAIRPERSON SCHNEIDER: And I guess, Nick, my
11 question to you is there anything in the initial
12 findings that you would like to add along those lines?

13 MR. PALMER: Not necessarily at this point. I just
14 think that is a reoccurring theme both in our full task
15 force meetings and also in our governance meetings too.
16 I just want to make that point.

17 CO-CHAIRPERSON SCHNEIDER: Do we have any other
18 issues related to the interim report that any of the
19 task force members would like to discuss?

20 And I would like to point out that we
21 have been joined by both Bob Reiter and Patrick
22 Fitzgerald.

23 CO-CHAIRMAN RANNEY: Let me make a comment so it is
24 clear to everybody in the room what we are doing. The

1 draft of this report was distributed earlier to members
2 of the task force. They each had a chance to comment.
3 Many did.

4 Those were reviewed by Ann and myself and
5 many and most of those comments and many of them were
6 very helpful and were incorporated. So what you are
7 hearing is a discussion which is preparatory, hopefully
8 preparatory, as a final step towards our approval of
9 this.

10 So hopefully there are not many major
11 issues. I haven't had a chance to talk on the telephone
12 to a number of people and did the others. So that's why
13 there is as few comments as there are at this point and
14 hopefully there are not a whole lot more.

15 MR. FITZGERALD: I will add two things. One, I
16 apologize for being late. I wouldn't be late except I
17 made a commitment to speak at a fundraiser for the legal
18 aid society a long time ago and thought not showing up
19 would be a bad thing. So I could not be on time.

20 And secondly, I just wanted to thank both
21 chairs, Ann and George, and the hard staff work that
22 went in there.

23 I am a big proponent. I came to the
24 conclusion pretty firmly in the ethics group that I

1 think we should not reach preliminary conclusions in
2 October when we are writing a final report in January.

3 The way I looked at it, if we thought
4 there was a simple fix, we could just pass a three
5 sentence law and everything would be perfect, of course,
6 we would be doing that. And I think it is a recognition
7 that both that the work of all the different groups are
8 interrelated, particularly the work with Dr. Sen's
9 governance group and ethics are related, but it is all
10 one piece, and I think the issues that we are tackling
11 have been revolving for years, and we are not going to
12 do it overnight, and I thought that doing the best
13 possible job in January is more important than having
14 interim measures in October.

15 And my fear was I thought about when
16 judges consider decisions, they don't issue a half-time
17 report that says right now I am thinking about ruling in
18 favor of the plaintiff or the defendant. And I worry
19 that in a rush we might come to easy conclusions rather
20 than thinking about the other side, and when people make
21 temporary conclusions they are reluctant to walk away
22 from them. So I thought we owe the process the full
23 rigor of January before we make a decision.

24 I know this got shorter with more work,

1 but I think that is a credit to the process and I am
2 very comfortable with it.

3 CO-CHAIRPERSON SCHNEIDER: Do we have any other
4 comments or questions from the task force members
5 related to the interim report?

6 If not, there are two changes that I have
7 noted that we will make to what we have in front of us,
8 and to the people here in the audience listening, on
9 page 3 of 8 where it says "there is no region-wide plan
10 to increase transit ridership," that will be changed to
11 read "there is no widely accepted region-wide plan to
12 increase transit ridership."

13 And then to Carole's point on page 7 of 8
14 in that first paragraph, the sentence that starts "the
15 current structure of the transit system can make it
16 difficult to implement effective coordinated service
17 among the various modes." Instead each transit agency
18 is optimizing its own objectives, and then we will
19 change the next phrase. Instead of saying "with little
20 or no focus," it will say "with little or no coordinated
21 focus on improving the system as a whole."

22 And with those changes do we have a
23 motion to approve the interim report that we would
24 submit to the governor and general assembly?

1 MR. FITZGERALD: So noted.

2 CO-CHAIRPERSON SCHNEIDER: Second?

3 MR. TANTILLO: Second.

4 CO-CHAIRPERSON SCHNEIDER: We have a move by
5 Patrick Fitzgerald. Second by Dan Tantillo.

6 All those in favor please signify by
7 saying aye.

8 TASK FORCE MEMBERS: Aye.

9 CO-CHAIRPERSON SCHNEIDER: Opposed?

10 The report is adopted with those two changes
11 that I mentioned, and we will be submitting that report
12 to the governor today with those changes.

13 The next item on the agenda is general
14 discussion -- or no, excuse me -- tentative public
15 meeting scheduled for January 31st, and each of the task
16 force members should have at their place a schedule.

17 We want to be sensitive to everybody's
18 scheduling needs because we know, as George said,
19 everybody has a day job on the task force, and so we
20 wanted to try and nail down a tentative public meeting
21 schedule of the task force and so we circulated this and
22 we have also listed some meeting location options.

23 I think one of the things we heard in the
24 first couple of hearings or meetings was that we

1 shouldn't have all of the meetings Downtown. We should
2 try to open this up more to the region and get more
3 region input.

4 And so what I would ask the task force to
5 do is take a look at this, and if you have any initial
6 comments related to any of this, we would certainly be
7 happy to take them. But if you would like to take some
8 time to take this back and check with your schedulers,
9 please do so and let us know what you think.

10 And then also in terms of meeting
11 locations, we have listed a number of colleges there.
12 Most of them are community colleges. If you have any
13 concerns or preferences, please let us know, and we will
14 be -- once we firm up the dates, we will be working with
15 each of those community colleges to try to nail down a
16 location for each of them.

17 So any initial thoughts on this
18 particular item?

19 MR. PAULAUSKI: This is Tony Paulauski. I think that
20 the location in Chicago makes it easier for all of us to
21 get in and out of, regardless of where we are working
22 and I strongly continue the Chicago focus that we are
23 doing, rather than having to spend most of our time in
24 transit.

1 CO-CHAIRPERSON SCHNEIDER: Any other thoughts?

2 Carole.

3 MS. BROWN: I was going to agree or add to that
4 comment, and at the risk of since I am not an elected
5 official, I can say this. I don't know where some of
6 these colleges are in the state. So it would be helpful
7 if we can get their location because that will make a
8 difference in terms of the ease of.

9 CO-CHAIRPERSON SCHNEIDER: We can certainly do
10 that. Bob?

11 MR. REITER: My office is in Chicago so I don't
12 necessarily disagree that it is more convenient to do it
13 here, but we should probably have hearings outside the
14 city to give other folks the ability from the suburbs
15 who utilize transit, you know, Pace system. Not
16 everything drives into the city. So we should have some
17 time for these hearings to occur in the collars or
18 wherever else.

19 CO-CHAIRPERSON SCHNEIDER: Okay.

20 CO-CHAIRMAN RANNEY: This is George Ranney. You
21 know, you are asking people when we do go out to
22 virtually take the better part of the day for a
23 meeting. So I would urge us to there may be ways of
24 having group meetings where people can participate

1 without asking all, everybody on the task force to go
2 out there.

3 Two additional thoughts. One of them is
4 I have received a request which makes some sense to me
5 that we try to shift as many meetings as we can until
6 the morning, but because for a number of reasons, but
7 particularly for the press covering it, that is a much
8 easier time to deal with. So I would urge us to take
9 that into consideration.

10 And then second, as I mentioned before, I
11 think there are different types of meetings, and we need
12 to get some thought to what the task force really
13 wants. For example, this is a meeting where it is
14 important to have everybody together.

15 On the other hand, there are meetings
16 such as the ones that I was referencing where people
17 from outside Chicago would be willing to come in and
18 talk about their experience in going through some of the
19 same things we are going through. It might well fit
20 into our program, clearly exactly how they fit into the
21 schedule that we have laid out.

22 And the two groups, I think the operating
23 heads and then there are experts, some of them that Ann
24 has introduced me to on transit from around the country,

1 it might be really, really important to get some of
2 these people in and incorporate them into the schedule.
3 We are not ready to do that now, but I just wanted to
4 enter that as an idea for consideration as we go
5 forward.

6 CO-CHAIRPERSON SCHNEIDER: Any other thoughts?
7 Raul.

8 MR. RAYMUNDO: I would be in favor at the thought
9 of this being convenient and close to where we all are,
10 do some meetings outside so we can get additional
11 perspectives from riders throughout the system. For a
12 minimum, figure a way where we make sure that their
13 voice is heard in these hearings as we move forward.

14 I don't know if technology is an
15 opportunity to use that will help that as well if we are
16 not able to do these outside of the downtown area.

17 CO-CHAIRPERSON SCHNEIDER: Just to that point.
18 Would it make sense, and this is just an idea, so not
19 afraid of authorship here, so would it make sense where
20 we would schedule some, maybe one or two meetings or
21 three meetings out in the suburbs and for the task force
22 members that could make those meetings, they could come
23 and we could take public comment through that forum so
24 that we can hear what everybody has to say and then we

1 can collect that information and share it with the
2 entire task force?

3 I would certainly make the commitment to
4 attend those meetings for the task force and if other
5 members are available during that time, we certainly
6 could take that approach, and that prevents from it
7 being too much of a intrusion on peoples time which I
8 know is very valuable for all of us.

9 So, Carole?

10 MS. BROWN: I would just say if you are going to do
11 that, one other thing to take into consideration which
12 just from previous experience dealing with public
13 hearings is being sensitive to the workday, and so I
14 would, if goal is to get public input, I would say
15 schedule it after the workday so that people can
16 participate. Because whether it is in the suburbs or in
17 the city, if you want public input, you know, you have
18 to do it when they are off work or out of school.

19 CO-CHAIRPERSON SCHNEIDER: Dr. Holloway.

20 DR. HOLLOWAY: That would be in addition to the
21 meeting that you have slated on this sheet here?

22 CO-CHAIRPERSON SCHNEIDER: It could be in addition
23 or --

24 DR. HOLLOWAY: Or overlap?

1 CO-CHAIRPERSON SCHNEIDER: Or it could be in place
2 of or coordinated somehow. That is open and like I
3 said, I know you are probably just seeing this for the
4 first time so if you could get back to us and let us
5 know what your preferences are, then we can try to work
6 up a schedule to reflect that.

7 DR. HOLLOWAY: I wanted to add to what Raul said.
8 A way to maybe increase the public comment activity so
9 they would not only have the web site but maybe
10 submitting things to us in advance of public hearings.
11 So maybe reaching out to partners in the region to get
12 the word out to their constituents to submit public
13 comments to review our material, and maybe their
14 presence at the meeting is not required, but their voice
15 can still be heard via the public comments.

16 CO-CHAIRPERSON SCHNEIDER: I think that is also an
17 excellent idea that we should pursue.

18 MR. FITZGERALD: And I would just echo if we are
19 going to have meetings in the suburbs, if there is a way
20 to have audio back in Chicago. If someone has a
21 three-hour window open but couldn't make it to the
22 meeting and back but doesn't want to miss the meeting,
23 then you would have live presence in the suburbs, but
24 members, including the public, could also participate

1 from Chicago.

2 Audio video would be great. Audio only
3 would be sufficient so that people in Chicago who wanted
4 to go who couldn't might listen in.

5 CO-CHAIRPERSON SCHNEIDER: That makes sense.

6 MR. PAULAUSKI: This is Tony again. You know, there
7 was I believe at one of our first organizational
8 meetings it was kind of up in the air about whether or
9 not we were going to do public testimony, things like
10 that. I would strongly recommend if you want to do
11 such, that you can do that with your staff and arrange
12 that, not necessarily having to have this whole group be
13 a part of that, nor do we have to then have meetings
14 that are coordinated that the meeting on November 14th
15 also has to be an open, you know, public forum meeting
16 after that.

17 So I would encourage you to look at other
18 ways to do that. I think our limited time here once
19 again is to focus on the job before us and provide
20 means, and you are doing that right now with the web
21 site, offering the public the opportunity for public
22 comment after every one of these meetings.

23 If you want to go above and beyond that,
24 then I would say go forth and do good work, but we have

1 a lot to do.

2 CO-CHAIRPERSON SCHNEIDER: Right, but I think that
3 that public comment is an important part of the work
4 that we are doing.

5 MR. PAULASKI: I am not saying that it isn't.

6 CO-CHAIRPERSON SCHNEIDER: Nick.

7 MR. PALMER: Just as a suggestion too. I know some
8 of our service board agencies are represented in the
9 audience, but I also know that assuming budget marks are
10 successful at this week's RTA board meeting, many of
11 those agencies will be presenting their budgets to some
12 of the collar county boards and that this may be
13 an opportunity to model good coordination.

14 Maybe we can coordinate with them and
15 they can not only present their budgets, but also maybe
16 we could have some coordination with those presentations
17 to gather some input at those board meetings too since
18 they are established board meetings. It wouldn't be
19 necessarily for task force members, unless they wanted
20 to participate, but it may be an opportunity to kind of
21 bring two topics up at the same time that are similar as
22 far as the transit agencies and what they are spending
23 their money on.

24 Because not to belabor the point, but at

1 a previous meeting we talked about in one of the
2 presentations by the service boards, RTA sales tax
3 collected, a great deal of that is outside of the City
4 of Chicago. So I think it is critical that we have
5 participation and opportunities for those entities to
6 comment on our work so that they feel brought into the
7 final product too.

8 So but that may be an opportunity. I
9 know in November many of the service boards will be
10 visiting county board meetings. So those are
11 established meetings already. It may be an opportunity
12 to get from the public and the elected officials outside
13 of Cook and Chicago, so.

14 CO-CHAIRPERSON SCHNEIDER: Very good. I would like
15 before we move on to the next item to introduce to the
16 task force members a new person on our team, Michelle
17 Graham, who is here with us today. She is with HNTB who
18 has agreed to provide pro bono service to help support
19 the efforts of the task force.

20 And Michelle just got thrown into the
21 fire here over the weekend and actually she drove to
22 Springfield Monday to help with the initial draft of the
23 condensed version of the interim report. So I just
24 wanted to make everybody on the task force aware of her

1 services and the services of HNTB which we are very
2 grateful for.

3 And we will take all of these comments
4 and try to put something together and try to get
5 something out to the task force then in the next week or
6 so about how we go forward in terms of our meetings and
7 whether or not there is the opportunity to have some
8 public hearing.

9 I think George mentioned bringing in some
10 experts from the east coast and potentially from other
11 transit systems across the country to discuss publicly
12 what their experiences have been, and if there is
13 anything we can glean from their experience to help
14 inform how we can do our job, I think that would also be
15 helpful. So we will take that into consideration as
16 well.

17 We will take into consideration how we
18 want to provide opportunity for people throughout the
19 region to provide comment to help us with this and,
20 again, I think we will do so in a way that will be
21 respectful of the time and effort of the task force
22 members. We will provide that information to all of the
23 task force members that are unable to participate in any
24 such meetings and to be sure that everybody has that

1 opportunity to have their voice.

2 So with that, I think then the next item
3 on the agenda is a general discussion and I'm just going
4 to let George lead off and take the general discussion.

5 CO-CHAIRMAN RANNEY: We thought it would make sense
6 here as we get into this part of the program to really
7 set up a general discussion to the task force by asking
8 an expert who happens to be in town today, Dick Mudge,
9 to report on a meeting that he attended this morning at
10 the Regional Transportation Authority. He will explain
11 what this is, but it is a report on public funding for
12 regional transportation.

13 It is the result of the leadership of the
14 RTA board and particularly a member, Ike Miguelez, from
15 Lake County wanting to understand this issue better. It
16 reflects the work of a team from Delcan which is one of
17 the really major transit consulting firms in the
18 country, highly respected, and he is going to summarize
19 a report that he gave this morning.

20 It is an independent report to the RTA.
21 It includes a whole lot of information about funding.
22 And per what Carole was saying earlier, it was our
23 thought that getting this information as quickly as
24 possible to members of the task force would be helpful.

1 In the course of putting this report
2 together, as he will say, he talked to a great many
3 people throughout the region, including Carole, and
4 others of us. So I think it will be very useful and the
5 RTA obviously does as well.

6 So, Dick, would you come forward to say
7 more about yourself and your firm. And what we have
8 done is we don't have slides. He worked from slides
9 this morning, but we do have copies for at least members
10 of the task force. So I think you will be able to
11 follow along as he summarizes for us what he did.

12 And then we thought we could have some
13 discussion of it because it really provides information
14 that is not important just for the financing work, but
15 also for governance and related issues as well. Dick.

16 MR. MUDGE: Thank you, George. I'll be brief. I
17 am not good at speed reading, and if you have copies of
18 the powerpoint presentation, there is a a lot more to
19 read on there. I will say a copy of our report is now
20 on your RTA web site and the powerpoint presentation
21 should be there as well.

22 Let me just give a quick, just a little
23 bit of background. Last spring the RTA put out an RP to
24 ask for an independent consultant to come and help

1 develop equitable allocation formulas for the RTA.
2 There were several firms that bid on that. We were
3 lucky enough to be accepted, to be awarded that
4 contract.

5 As George mentioned, Delcan is a 800, 900
6 person consulting firm, very strong in transit, but we
7 were in this case lucky that we were not doing any
8 transit work for CTA, Metra or Pace. So we are
9 certainly independent in this in this area.

10 The report is supposed to be about, focus
11 on the equitable allocation of funds. Very quickly it
12 got quite a bit broader than that.

13 On page 2 there I talk about the stuff we
14 have done so far and our work. A lot of what we did was
15 look at other peer regions to see how they have
16 allocated funds. Very quickly we found there is no
17 model that is similar to what is done in the Chicago
18 region.

19 We also found that in looking at the
20 success, at the stories in New York, Philadelphia,
21 Seattle, San Francisco and San Diego, that there was a
22 link between -- always a link between funding and the
23 governance structure. It is very hard to separate the
24 two of them out.

1 There was a lot of emphasis on fiduciary
2 responsibility in these different regions. So they
3 were -- they all had different structures and different
4 ways of organizing themselves. So it was hard. We did
5 not find any magic solution that we could take from one
6 other metropolitan area and say this is how funds should
7 be allocated within the Chicago region.

8 As George mentioned, we spent a fair
9 amount of time talking to people at the service boards,
10 talking about the stake holders, and that was very
11 useful as you can well imagine. People were very frank
12 and honest with us because all of our meetings were off
13 the record.

14 We have also spent a fair amount of time
15 collecting data. We have taken a look at the current
16 financial history within the region. We have collected
17 trend data.

18 We have economic data, the jobs data from
19 within the region. We spent a fair amount of time
20 looking at the operations of the three service boards
21 and out of that we developed eight different allocation
22 scenarios.

23 The key thing, and this is mentioned on
24 page 3 in the handout, you know, and discussed in a lot

1 of detail in the report we issued in August, is in
2 thinking about how you allocate funds and how you manage
3 transit, there are certain key principles.

4 No. 1, you need to be thinking about
5 things from a regional perspective. Regional goals are
6 key. That's necessary for a healthy economy to have
7 economic growth.

8 It is necessary if you want to have a
9 safe and customer focused system. And so if you can
10 develop, a regional focus will help develop a world
11 class performance. That in turn leads to all these
12 other positive things about the economy and then about
13 accessibility.

14 Second, even though we were asked to look
15 at how funds were allocated, we believe you can't do
16 that in any isolation. Whatever way in which you decide
17 you want to allocate funds or whatever level of funding
18 you have, if you want to get the maximum effectiveness
19 out of it, it really depends on what type of governance
20 structure you have. You can't separate those two out.
21 They are tied together.

22 Second, there should be a direct link
23 between a strategic plan and spending. And I guess one
24 reason I think the strategic plans -- that strategic

1 transit plans in the region are kind of weak because
2 there is not that link. They are I guess aspirational.
3 They involve sometimes words, but there is really not a
4 link between the plan and spending which in theory you
5 can fix that by changing the governance structure.

6 Finally, any change in allocation rules
7 should end up being transparent. That's very
8 important. That it should be targeted and clear what
9 their objectives are. It should be objective and fair
10 and they should also demonstrate results.

11 And the last point is important. We
12 talked about a lot of different performance and
13 accountability. So you ought to make sure however you
14 are spending money have to demonstrate results.

15 We went through, I won't go through each
16 one of these things, called eight scenarios. As part of
17 that we did look at the governance structures and on
18 page 5 we talk a little bit about -- we didn't go into
19 detail in terms of what you have to do to draft
20 legislation around it, but we did identify four broad
21 categories.

22 Obviously the first one is you don't
23 change anything. Second, would be a weakened RTA or a
24 decentralized system. One of the things we found is

1 that there is a miss match in terms of the tools that
2 RTA has compared with what the legislatures ask them to
3 do.

4 So our option is to say let's just be
5 real. Make RTA smaller or weaker, and say let the
6 service boards have more freedom and power to operate
7 things. Obviously you miss a lot of the regional
8 advantages out of that, but that is certainly one option
9 that should be on the table.

10 Third would be a strength in RTA, and
11 that would be an effort to provide RTA with the tools
12 they need to be able to carry out all the oversight and
13 other objectives that the legislature has given them.

14 Fourth option would be a system that is
15 integrated and in that case the service boards would
16 become operating arms of the new agency, a new
17 organization. Now, that organization might be RTA. It
18 might be something totally new, and this is in a sense,
19 you know, parallel of what they have in New York and
20 Philadelphia.

21 Again, let me emphasize, we are not
22 saying Chicago should copy New York, but if you were to
23 have an integrated system, you need to look at the
24 specific characteristics of Northeastern Illinois and

1 use those characteristics, but you may want -- there are
2 certainly lessons learned.

3 Scenario 1 talks about the status quo.
4 In our review we use the word flawed a lot. We think
5 the current funding allocation process is flawed. That
6 also means we think the current governance process is
7 flawed.

8 In terms of the formulas, they are out of
9 date. Some of them haven't been changed in 30 years.
10 Obviously there is a lot of change in the economy, and
11 what has happened since then, how transit operates. And
12 in particular on the governance side, the RTA lacks the
13 tools they need to have to support true regional
14 planning. So we were critical about the current
15 system.

16 In looking at that, one thing we talk
17 about a little bit but do not focus on it is the overall
18 level of funding. I mean, it is a nice issue to
19 allocate funds when you are happily funded, but we also
20 wanted to highlight the fact that there is a gap, there
21 is a miss match between the level of funding that could
22 be spent well and then the current level of funding.

23 And there is probably some discouraging
24 forecast you can make. We are not going to be rescued

1 by the federal government coming in with additional
2 funds out of this. A lot of increases if they happen
3 are going to be dependent on what the region can come up
4 with.

5 I'll skip some of these other scenarios
6 because they were certainly of more interest to RTA, and
7 I'm happy -- and I can stay and talk about this forever,
8 but I won't. I'll try not to.

9 Our Scenario 4 was the competitive
10 program with the idea that we want to try to stimulate
11 new ideas and partnerships. So a portion of the funds,
12 and that would be a portion, maybe 10 percent,
13 20 percent would be set out as a competitive process.
14 The RTA board would set annual objectives.

15 They may be developing new markets,
16 developing new technologies and there would be a process
17 of competition from along the service boards and from
18 outsiders. If other groups had good ideas, we would
19 open that up. Groups from outside the service boards
20 would then be asked to bring in matching funds to do
21 that.

22 For this to happen there would have to be
23 a very independent process for selection. Again, this
24 is something you want to have phased in because it is a

1 very, very different set of approach.

2 Scenario 5 would be your performance
3 based approach. The idea that you want to reward
4 performance. If you do a good job, you should get
5 more. You also want to encourage accountability, and I
6 think the accountability part is extremely important.

7 If you look around this country, there is
8 skepticism in general about anything that the public
9 spends, and so being able to have a link with
10 performance should increase accountability, and
11 therefore, at least make it conceivably possible to be
12 able to raise additional funds.

13 I won't go into full detail on it, but we
14 propose that the performance should be based on three
15 broad areas. (1) is customer satisfaction; (2) is
16 efficiency; and (3) is safety. And within the report we
17 have eight specific ways in which those can be
18 measured. That we think there is positive things that
19 would come out of this.

20 We have a few other, I won't go into
21 detail on to save time, a couple of other ideas you can
22 do to help improve that performance system, but I think
23 there is a nice link between performance and
24 accountability.

1 I'll skip most of the other ones. Again,
2 I'll be very happy to talk. We have a scenario that
3 talks about sub area equity that is kind of modeled
4 after what they do in the Bay area.

5 There is a scenario that talks about
6 asset management and that's a set of tools that try to
7 link, focus on maintenance costs, long-term equipment,
8 conditions. So it tries to link operations and
9 capital. That is something which cannot be done unless
10 you have a fully integrated, centralized system, and
11 there are some safety implications that come out of
12 that.

13 The very last chart talks about what our
14 recommendations are, and No. 1 is change is needed. And
15 even though we were asked to look at new allocation
16 rules, we are certainly in favor of that, but the real
17 thing is you need to link that with governance. You
18 need to change the governing structure.

19 Second, that there needs to be a way to
20 link a real regional strategic plan with spending.
21 Otherwise, it's just -- otherwise, you just make lots of
22 nice plans.

23 In terms of scenarios, our bias, we would
24 like the performance one if we had to pick one if we

1 were magically in charge because there is link between
2 giving rewards for improvements and customer
3 satisfaction and efficiency and safety, and I think
4 there is a feedback fact in terms of accountability with
5 which is very important.

6 In terms of governance structure, and
7 this is a bit aggressive on our part because we don't
8 live here, we like the integrated governance structure.
9 We like the centralized system where you have a single
10 board of directors. That would bring the board closer
11 to operations. The service boards would still be in
12 charge of operations in whatever area they are in, but
13 you would have much more of an integrated decision
14 process.

15 Again, I thank you very much. I must say
16 we were delighted to be chosen for this project. In
17 some ways it has gotten more attention because of your
18 committee, and we think there may be some lessons
19 learned here that can be used elsewhere as well.

20 CO-CHAIRMAN RANNEY: Thank you. I open it up for
21 general discussion or questions. Pat.

22 MR. FITZGERALD: This is Pat Fitzgerald. Can you
23 put some meat on the bones as to this difference between
24 the strength in RTA option and the integrated system

1 option. I assume the integrated system option would
2 have one board, where the strength in RTA would keep
3 multiple boards, but other differences that are
4 concrete.

5 MR. MUDGE: I think the other thing, if you look
6 around what worked in these other places, there has been
7 a stronger state role and that's not to say you want to
8 copy, again, New York or Philadelphia and have the
9 governor commenting on things, but the point of success
10 is having some of those board members be appointed by
11 the governor so that there is a broader perspective.

12 A key thing I think is getting the board
13 selected right, and that means you need to make sure you
14 have people who have a regional -- I'll say a regional
15 perspective. That should be done as part of the
16 strength in RTA as well, and the key thing comes down to
17 what the decision making is. So you have one, you have
18 one group that is saying here is the strategy and also
19 making decisions around capital investment as well as
20 around operating.

21 So the service boards would be the arms
22 to carry that out. And there is different degrees of
23 how much independence they would have, but the service
24 boards would then be the operating arms. It would be

1 like a division within the company.

2 But the board would be a true board of
3 directors setting strategic directions. The staff at
4 this new organization would be the ones who have a much
5 more active role in terms of helping make decisions.

6 MR. FITZGERALD: And just one more clarification
7 question. So in that model, the integrated system
8 board, whatever it was called, would have a board of
9 directors and there might be a CTA with a chief
10 executive officer or president running things, but there
11 wouldn't be a board of directors for the CTA?

12 MR. MUDGE: No. Single board. And I think part of
13 the thing that it would do is it would get the board
14 closer to the operations. Right now the RTA board is
15 pretty far away from what actually happens in the real
16 world.

17 So I hope there is no one from the RTA
18 board at this meeting right now, but I think
19 structurally it means they have arguments and
20 discussions over things that are kind of separated from
21 what happens in the real world; whereas, I think it is
22 different. I suspect it is different at the CTA board,
23 for example -- I have not been to their board
24 meetings -- but they are at least closer to operations.

1 If you want to have a regional focus, you should have a
2 single board that would allow you do that.

3 CO-CHAIRMAN RANNEY: Why don't you take a minute
4 and describe what New York has moved to because it is a
5 variation in which you are talking about. It is an
6 example of consolidation over an extended period.

7 MR. MUDGE: Again, all of this stuff is based on
8 fiscal. You look at New York or Philadelphia or any of
9 these places, they didn't suddenly 50 years ago say
10 let's do everything this way. There is a history and
11 there are crises that come along.

12 So a lot of what happened in New York was
13 financial crises. The transit authority as well as the
14 commuter rail systems, and they said we are short of
15 money. We can't fund it. That's one way the governor
16 got more actively involved and they were able to find --

17 And even these other places, the state puts a
18 lot more money into the transit systems than they do in
19 Illinois. So that comes along with being able to
20 appoint more people.

21 So they were able to set up the MTA as
22 this overarching board that within it they have transit
23 authority and they have commuter rail lines and they
24 actually have toll systems which are interesting.

1 That's another source of funding for the transit
2 authority.

3 They have committees which oversee --
4 committees of the board which oversee the commuter rail
5 operations and the transit authority operations, but
6 those are not, as I believe, that they are not
7 permanent. So it is not like someone will always be
8 overseeing that to be a board member. You can be
9 rotated through.

10 So they do have another level of some
11 oversight, but they all come from this centralized
12 board. The board has not only its own staff, but some
13 of its own consultants. In fact, Delcan is an advisor
14 to the MTA board regarding transit investments.

15 They want to have an independent view on
16 should we do this or that. So we are part of the team
17 that will give them that type of advice. So it is
18 looked at a regional level and regional basis.

19 If you look at the spending that has
20 happened, there has been trends. Over the years they
21 have spent more money in one area versus another. So it
22 is not something that has been set at a given level and
23 stays that way for 30 years. As things change, the
24 board will decide to spend more money on the transit

1 authority versus commuter rail.

2 One thing that is interesting, and we
3 mention it in our report but don't highlight it, we do
4 have the tribal bridge federal toll authority as part of
5 the FTA and that is integrated in. So that provides some
6 money and also have to maintain it, but it is closer to
7 being an integrated transportation system.

8 I will say the history is important.
9 Each area reflects the local politics and the local
10 economy.

11 CO-CHAIRMAN RANNEY: Carole.

12 MS. BROWN: I have a few questions, but the first
13 is how granular did you get when looked at these
14 alternatives about the cost associated with the
15 alternatives, like the cost of an integrated system
16 versus costs now, both in savings or the cost of setting
17 it up?

18 MR. MUDGE: We did not look at that. Again, our
19 focus was on the allocation of funds and certainly the
20 transition from whatever is now to whatever is new, it
21 is going to take some time, and there will be some cost
22 to set it up. We didn't examine that.

23 MS. BROWN: And then when you looked at the peer
24 analysis, did you look at how the recovery ratios vary

1 across systems, meaning is the government subsidy in New
2 York similar to the government subsidy in Northeastern
3 Illinois or in Philadelphia? Do they have similar
4 recovery issues or how is that different?

5 MR. MUDGE: A lot of it differs from the nature of
6 the region. I mean, New York City is the most transit
7 dependent place in the U.S., so their recovery ratio is
8 much higher. I don't think that's -- I am not sure you
9 can say that is because of the governing structure.
10 That's because of the local economy.

11 MS. BROWN: I am not suggesting it was, but I guess
12 I was asking how important, if you will, is the
13 support -- is the government subsidy support to the
14 transit liability, and so as you look at not just
15 changes in governance, but how you are going to support
16 a transportation system, how important is the level of
17 government subsidy to the ability to do what they need
18 to do?

19 MR. MUDGE: Well, obviously the larger the subsidy,
20 the larger the breath of the service you can add. As
21 the subsidy gets lower, you have to cut out service and
22 there have been a number of places where subsidies have
23 been cut back and transit agencies have been forced to
24 cut service. So there is a linkage there.

1 the new integrated board or would that have any local
2 interplay with it if like the CTA, you know, primarily
3 exists within the City of Chicago?

4 MR. MUDGE: I think logically you can set it up
5 anyway you like. I think the logical thing is it is
6 selected by the board.

7 Now, the board will have to have some
8 regional representation. I think there is some value in
9 having the governor appoint at least some people to the
10 board, but most of the board members are going to be
11 coming from the region.

12 So even though you want to get people
13 that have a regional focus, everybody comes from
14 someplace. So there is going to be some -- there would
15 be -- you would have some political pressures I am sure
16 within that board.

17 MR. REITER: So that local representation would
18 bear out based on representation of the board?

19 MR. MUDGE: I would hope you would be able to
20 select people less on here is how many people come from
21 Chicago; here is how many come from suburban Cook. I
22 think if you start to do that, then they are identified
23 as being I am here to represent the interests of
24 Chicago. We want to try and break that down. Having

1 said that, the reality is people will have different
2 backgrounds.

3 MR. REITER: So it should be the best person for
4 the job.

5 MR. MUDGE: That's right.

6 CO-CHAIRMAN RANNEY: Okay. Any other?

7 CO-CHAIRPERSON SCHNEIDER: A couple back here.

8 MR. MUDGE: I will say you guys have asked a lot
9 more questions than the RTA board did.

10 (Laughter.)

11 MR. PAULAUSKI: Tony Paulauski. You stated in your
12 comment, throughout your comments, that you think the
13 RTA has specific authority areas. Can you be more
14 specific? I am sure that those are part of your written
15 report, but we have been hearing a lot of that lately.

16 MR. MUDGE: Yeah, I don't have it in front of me,
17 but if you look on page 19 of our report, there is a
18 long list of it. The one that everyone brings up is the
19 super majority role rule regarding budgets and finance.
20 That means if there is any -- makes it very, very hard
21 to say, you know, maybe you should spend a little more
22 money here and sort of a little more money there. It
23 means that it's easy for a group to veto for whatever
24 authority they have.

1 I won't argue that I would give the wrong
2 answer if I just listed them right now, but on page 19
3 of our report there is a short list of what some of them
4 are.

5 DR. HOLLOWAY: Adrienne Holloway. I am a little
6 more curious on your scenario as it relates to the
7 competitive program option. Is there a model that you
8 used to kind of define what this was, based on maybe a
9 peer agency that you reviewed, and whether or not you
10 can give some examples that was created through the tech
11 model, how integrated it was to the system if, again, a
12 model --

13 MR. MUDGE: We haven't seen another peer transit --
14 another transit authority do this. It is something that
15 is being used. For example, US DOT has something called
16 the Tiger program, and now Tiger 5. Before that the
17 previous administration had something very similar where
18 it is a competitive program. They have had over a
19 billion dollars that have gone out through this, and
20 that seems to be successful in terms of generating
21 different ideas and different levels of funding coming
22 out of it.

23 So it is more of a question of taking
24 programs such as that because that seemed to be

1 successful and saying can this be applied within the
2 transit community.

3 DR. HOLLOWAY: Thank you.

4 MS. BROWN: Just as a follow up to that. That is
5 just capital, right? It would be difficult to do
6 something like that and expect people to plan on an
7 operations standpoint if they were competing for and did
8 not have a stable and predictable funding source for
9 operations, right? So the US DOT program, sir, are
10 capital, not operations.

11 MR. MUDGE: We would like to be able to break it
12 down and you could come in and say as part of this we
13 will need an operating -- certain amount of operating
14 funds over the next five years. We would like to make
15 this a lot more flexible. But you are right. The Tiger
16 program is capital only.

17 CO-CHAIRPERSON SCHNEIDER: Raul.

18 MR. RAYMUNDO: Yes. Raul Raymundo. I am
19 interested in one of the principles of performance based
20 allocation which I think you made reference to mostly
21 funding, and it is mostly funds I am interpreting from
22 your comments coming from government, and you mentioned
23 also that, you know, in this current environment, public
24 funding is very hard to come by.

1 Can you shed some light in other
2 experiences where the one performance measure that I
3 think we all can agree on beyond the ones you mentioned,
4 safety, customer satisfaction, so forth, is increased
5 ridership. Increased ridership also comes with
6 increased revenues per se, and the revenues that we can
7 control is increased ridership.

8 So are there systems where increased
9 ridership has really propelled system financing to do
10 more of the things that they are doing or does the
11 system that increases ridership requires just an ongoing
12 basis significant more public funding so that it begs
13 the question of, you know, increased ridership does not
14 make a dent if we are going to continue or need increase
15 for public funding?

16 MR. MUDGE: I think it is tough to say we are going
17 to increase ridership because we are going to make money
18 on it. I think there are places where that can happen.
19 Places where you have certain suburban express bus
20 services, maybe specific items that have been able to
21 make money.

22 There may be, and one of our criteria
23 there is to look at the cost per new rider because you
24 can also have new ridership where you are losing -- the

1 margins are smaller, but you want to be able to look at
2 what the overall cost of it is.

3 But I am not aware of places -- places
4 where they have done that is where you have a brand new
5 system put in place. Whether it is the Bart line, or,
6 for example, the Dallas rail lane in Washington D.C.
7 The hope is that those won't over generate broader
8 conductivity within the region which is important for
9 the economy in general.

10 I don't think you are going to find
11 places where there is a market that will be totally
12 self-supporting. You want to have -- you want to grow
13 the market because that's good for the economy. It
14 improves accessibility to jobs and labor.

15 MR. RAYMUNDO: Again, I am not suggesting this
16 would be a driven market transportation system, but that
17 because we don't necessarily control public funding, but
18 we do -- can enhance ridership, are there opportunities
19 to?

20 MR. MUDGE: You look at what is happening in the
21 transit right now, the work -- this is happening in
22 transportation in general. The work trips are less
23 important than they were. They are still dominant, but
24 it is the off peak travel, whether people going

1 someplace for lunch or whether it is some people
2 commuting back to the suburbs for jobs in the suburbs.

3 I think there are opportunities there to
4 improve service where you are using existing equipment
5 with transit you have already spent your capital costs,
6 and a lot of it is focused on just a few hours of the
7 day. If you can use that same equipment in the off
8 peak, whether it is reverse commuting or mid-day travel,
9 there is some real value in that.

10 And I think there is also opportunities
11 if you go look at the economic value of this and try to
12 go to private firms who may want to improve access to a
13 rail line or Metra. There are a number of companies out
14 there that are providing that, those connections that
15 are not part of the three service boards. Including
16 there is an economic value there that is beyond the
17 actual amount of money that people pay through the fare
18 box.

19 MS. WALWYN: Sonia Walwyn. Following up on the
20 questions about the integrated system, is it your
21 opinion, and I understand, you know, that it works in
22 New York and it might be more of a challenge in
23 Philadelphia, but do you think based on what you've
24 understood from your research and your involvement,

1 whether or not the strengthened RTA model versus an
2 integrated system, which one might be better for this
3 region, or is it your opinion that it is so broken that
4 it needs a new means of being implemented?

5 MR. MUDGE: I think either one of those would be a
6 positive change.

7 MS. WALWYN: But no opinion as to one versus the
8 other?

9 THE WITNESS: I think our opinion is it is, again,
10 it is easy to do it at like a 30,000 foot level. Our
11 view was having an integrated system would be the best
12 way in order to meet the regional goals.

13 Now, having said that, there is lots and
14 lots of problems and lots and lots of issues and we have
15 not looked through that to see exactly the best way to
16 do it, but we say very clearly in our report that I find
17 improvement in the change in the governance structure is
18 important. Strength in RTA is a step in that
19 direction. Having an integrated system would be better,
20 but I hesitate to -- we did not focus on all the issues
21 that you would have to address.

22 CO-CHAIRPERSON SCHNEIDER: I have a few questions.

23 First, I want to say thank you for doing
24 this on short notice. We do appreciate you taking the

1 time. This is very informative, and thank you, George,
2 for the idea that he mentioned it.

3 I had two questions. One is a very
4 specific detailed type question. The other is a broader
5 question. On the specific side, I am just curious in
6 some of these other transit systems for their commuter
7 rail, do they operate on their own infrastructure or do
8 they partner with host railroads to provide that
9 service?

10 MR. MUDGE: It varies a lot. I am not sure you can
11 say. You are looking at New York, you have got the
12 Northeast Corridor which is -- parts which are owned by
13 Amtrak. Amtrak trains going on it. You have probably
14 less rail freight on there, but a lot of it is places
15 where they don't always --

16 Ownership of the rail is important and
17 then you can certainly operate a commuter rail system or
18 a transit system more efficiently because you are
19 designing the tracks. So I think a lot of them are
20 similar to Chicago, they are mixed, and that makes it
21 more expensive on the capital side than the operating
22 side. It varies a lot.

23 CO-CHAIRPERSON SCHNEIDER: I would have a follow-up
24 question to that, but I won't belabor the point. At

1 some point I'll talk to you about that because I am just
2 curious on the governance structure, then how you would
3 incorporate that railroad when you have private
4 railroads involved.

5 But the broader question is underlying a
6 lot of what we have put in our interim report is the
7 fact that we think that we need to take more regional
8 perspective, and I know you have mentioned it here in a
9 lot of the work that you have done to date, and based on
10 your experience, what is the best way to have a board
11 that has responsibility for transit for region take a
12 more regional perspective and less of a parochial
13 perspective in terms of representing there appointed
14 boards? What are some suggestions you might have on
15 that?

16 MR. MUDGE: Well, again, part of that, and you want
17 to have some of them appointed by the governor.
18 Presumably that can help. I mean, everybody has cynical
19 responses to that, but that is one way to have someone
20 who is supposedly thinking on a broader basis.

21 I think the process by which they are
22 appointed is important. That it is not necessarily
23 appointed by say the county executive. Then that person
24 can hold them to the county executive.

1 I think you want to maybe put in some
2 standards for background so that they have some --
3 doesn't mean they have to be a transportation person, I
4 think that could be dangerous as well, but there should
5 be some standards to show that they have a broader
6 interest, a broader view of things. I think that is
7 very important.

8 CO-CHAIRPERSON SCHNEIDER: Thank you. That is very
9 helpful. Tony has a follow-up question.

10 MR. PAULAUSKI: Yeah. Curious about I have an
11 expertise in the fare transit and a vested interest in
12 the ADA services.

13 Do you have any specific recommendations
14 around that, the area for people who have a need who
15 live by --

16 MR. MUDGE: The issue there is obviously the
17 fastest growing part of transit. We did not have any
18 brilliant solutions. We did talk about having -- I
19 didn't talk about it today, but having a separate bonus
20 pool focused on that.

21 That there would be funds that based on
22 efficiency improvements within ADA services, there would
23 be additional funds that would be available. And it is
24 not that the people don't manage it well, but always if

1 you say, okay, there is a little more money if you did
2 something, if you could improve your operating ratios in
3 a certain way.

4 And some of that would not be just to
5 minimize the cost. It would be to improve connectivity
6 and accessibility. I mean, obviously with ADA and such,
7 if you can improve the connectivity between the ADA
8 services and the main line services, you can both
9 improve the quality of service for the travelers and
10 also bring down costs.

11 So those would be some of things we had,
12 and we have several examples mentioned in the report
13 about characteristics which you might want to read
14 more.

15 MR. PAULAUSKI: Did you have any areas of governance
16 around that?

17 MR. MUDGE: Not really. We weren't focused on
18 that. Again, we were focused on a much higher level.

19 CO-CHAIRMAN RANNEY: Okay. I want to say -- I want
20 to make a comment. One thing I think that is very
21 helpful to us that comes through Ann in terms of
22 management of this effort is how closely intertwined the
23 governance and the revenue issues are, and Carole and
24 Dr. Sen and the others that are working on this need to

1 be particularly alert to that.

2 I mean, one of the things we knew from
3 the beginning is it is extremely difficult to generate
4 additional revenues if in fact your governance system
5 isn't working very well, and here going forward and
6 saying alternative systems of governance aren't going to
7 work very well without the revenues and the revenues are
8 not going to generate enough capacity for the system
9 unless you have a governance system. So we have to
10 think about these things realistically as I understand
11 what you are saying.

12 And I want to thank you. I want to just
13 reiterate this is an opportunity that occurred
14 fortuitously because our expert here was in town to
15 report to the RTA this morning, which he did, on his
16 independent report. We have the RTA to thank for having
17 the wisdom to hire your firm and provide us with this
18 information which I urge everybody in our task force to
19 read because it has really come to us at a very critical
20 moment for us and I think it will be extremely
21 valuable. Thank you very much.

22 MR. MUDGE: I am glad it worked out. I enjoyed.
23 Thank you.

24 CO-CHAIRPERSON SCHNEIDER: The next item on the

1 agenda is public comment, and do we have anybody that
2 has asked to provide public comment? If not, I think we
3 can take a motion to adjourn.

4 CO-CHAIRMAN RANNEY: Second.

5 CO-CHAIRPERSON SCHNEIDER: All in favor?

6 TASK FORCE MEMBERS: Aye.

7 CO-CHAIRPERSON SCHNEIDER: We are adjourned.

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1 STATE OF ILLINOIS)

2) SS.

3 COUNTY OF COOK)

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5 Sharon A. Jerndt, being first duly sworn, on
6 oath says that she is a Certified Shorthand Reporter and
7 Registered Professional Reporter doing business in the
8 City of Chicago, County of Cook and the State of
9 Illinois;

7

8 That she reported in shorthand the proceedings
9 had at the foregoing Northeastern Illinois Public
10 Transit Task Force Meeting;

9

10 And that the foregoing is a true and correct
11 transcript of her shorthand notes so taken as aforesaid
12 and contains all the proceedings had at the said Task
13 Force Meeting.

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SHARON A. JERNDT, CSR, RPR

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